Supreme Court, U.S.
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No. 97-112

In the
Supreme Court of the United States
October Term, 1996

TAX ANALYSTS,

Petitioner,

vs.

U.S. DEPARTMENT OF JUSTICE,

and

WEST PUBLISHING COMPANY,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA

RESPONDENT WEST PUBLISHING COMPANY'S RESPONSE IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

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CORPORATE DISCLOSURE STATEMENT OF RESPONDENT WEST PUBLISHING COMPANY PURSUANT TO SUPREME COURT RULE 29.6

Respondent West Publishing Company is a publisher of legal research and related materials. West is a wholly owned subsidiary of The Thomson Corporation, a Toronto-based publishing company whose shares are publicly traded on the Toronto and London stock exchanges.

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OPINIONS BELOW AND JURISDICTION

Respondent West Publishing Company adopts the Statement of Opinions Below and the Statement of Jurisdiction set forth in the Petition.

STATUTES INVOLVED

To establish federal subject matter jurisdiction under the Freedom of Information Act ("FOIA"), 5 U.S.C. § 552(a)(4)(B), a plaintiff must demonstrate that "an agency has (1) 'improperly;' (2) 'withheld;' (3) 'agency records.' Judicial authority to devise remedies and enjoin agencies can only be invoked under . . . [FOIA] if the agency has contravened all three components of this obligation." Kissinger v. Reporters Comm. for Freedom of the Press, 445 U.S. 136, 150, 100 S. Ct. 960, 968 (1980) (quoting 5 U.S.C. § 552(a)(4)(B)).

The question before the district court was whether the documents requested by Tax Analysts from the Department of Justice constituted an "agency record" under FOIA. The term "agency record" is not defined in the FOIA, the operative language of which states:

> On complaint, the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are situated, or in the District of Columbia, has jurisdiction to enjoin the agency from withholding agency records and to order the production of any agency records improperly withheld from the complainant. In such a case the court shall determine the matter de novo, and may examine the contents of such agency records in camera to determine whether such records or any part thereof shall be withheld under any of the

exemptions set forth in subsection (b) of this section, and the burden is on the agency to sustain its action.

5 U.S.C. § 552(a)(4)(B) (1996).

RESPONDENT WEST'S STATEMENT OF THE CASE

This is a case arising from a FOIA request by Tax Analysts, seeking a copy of the U.S. Department of Justice's electronic legal research database, JURIS. The relevant background of this case is set forth in detail in the district court's decision, Tax Analysts v. U.S. Dept. of Justice, 913 F. Supp. 599 (D.D.C. 1996), Petition Appendix B. However, West bases this Response only upon the following facts, all of them undisputed by Tax Analysts on appeal.

Pursuant to a 1988 contract with the Department of Justice (the "1988 Contract"), West provided the Department with an electronic database of West's reports of judicial decisions ("West licensed data") for use by the Department in JURIS. 913 F. Supp. at 601, Pet. App. B at 6a. The 1988 Contract contained a limited license and particularized license restrictions on the Department's use and dissemination of the West licensed data. Id. at 603-04, 12-14a. The 1988 Contract also contained an express statement that West retained all ownership and control over the West licensed data and that the Department would return or destroy the data at the end of the license period. Id.

Tax Analysts brought a lawsuit following the Department's denial of its FOIA request for the West licensed data. The 1988 Contract was attached as an exhibit to the Complaint.

The Department and West moved to dismiss the Complaint pursuant to Rule 12(b)(1) of the Fed. R. Civ. P. on the grounds that, because the West licensed data was provided to the Department pursuant to a limited license which retained

ownership of the data in West and which contained numerous substantive restrictions on the Department's use of the data, it never was under the "control" of the Department and hence never became an "agency record" subject to FOIA. The district court, applying the express language of the 1988 Contract to the "control" test set out by the Court of Appeals in Tax Analysts v. U.S. Dept. of Justice, 845 F.2d 1060 (D.C. Cir. 1988), affirmed, 492 U.S. 136 (1989), granted the motions without allowing Tax Analysts to conduct discovery. 913 F. Supp. at 602-07; Pet. App. B at 5a. Tax Analysts appealed, but only from the decision of the district court to deny Tax Analysts' request to conduct discovery; it did not appeal any other aspect of the district court's ruling.

The Court of Appeals in an unpublished, *per curiam* opinion affirmed the district court's decision to dismiss the complaint without requiring West to respond to Tax Analysts' unnecessary discovery. The Court also denied Tax Analysts' subsequent motion for rehearing.

REASONS FOR DENYING THE WRIT

Tax Analysts' Petition attempts to raise issues never presented to the Court of Appeals, significantly mischaracterizes the record and the applicable law, and grossly overstates the effect of the Court of Appeals' unpublished, *per curiam* affirmance of an unexceptional district court decision as somehow dramatically altering this Court's prior interpretation of the Freedom of Information Act.

The only issue which could appropriately be raised in a petition for certiorari in this case is whether the Court of Appeals applied the correct legal standard in affirming a dismissal of the Complaint, despite Tax Analysts' requests for discovery. However, there is nothing in that issue worthy of review by the Supreme Court. As this Court has noted, it is

entirely proper to deny requests for discovery of information that "cannot be considered, and would not lead to information that could be considered by a court or jury in deciding any issues." Oppenheimer Fund, Inc. v. Sanders, 437 U.S. 340, 352, 98 S.Ct. 2380, 2390 (1978). The Court of Appeals simply applied that well accepted standard, routinely followed by it in numerous cases, such as Meeropol v. Meese, 790 F.2d 942, 960 (D.C. Cir. 1986)("A district court's refusal to allow discovery will be reversed only upon a finding that the court abused its discretion."). Nothing in the Court of Appeals *per curiam* affirmance conflicts with Oppenheimer Fund, Meeropol or with any procedural ruling of this Court or any Court of Appeals.

I. The Court of Appeals' Decision That the District Court Did Not Abuse its Discretion in Not Permitting Discovery in This FOIA Case Does Not Violate the Doctrine of Jurisdictional Intertwining.

A. There Is No Intertwining Of Facts And Law Here.

Tax Analysts argues in its Petition that the Court of Appeals erred in not finding that the jurisdictional question of whether the documents sought were "agency records" was intertwined with the substantive FOIA law that would have come into play if the district court had found jurisdiction and addressed the FOIA exemptions asserted by the Department of Justice. However, those questions are *not* intertwined. Rather, the West licensed data either *is* subject to the restrictive license provisions of the 1988 Contract, or it is not. If it is, as the district court found from the unambiguous language of the 1988 Contract, then the West licensed data is not an agency record and there is no jurisdiction for Tax Analysts' FOIA lawsuit.

Only if the district court had found that the West Licensed Data was *not* subject to the restrictive license provisions would the district court have had to address the "merits" of Tax Analysts' FOIA claim -- whether the West Licensed Data was confidential commercial information exempt from FOIA under 5 U.S.C. § 552(b)(4). That question would have focused on the two prong test for Exemption 4 of the FOIA set forth by the D.C. Circuit in Critical Mass Energy Project v. NRC, 975 F.2d 871, 879 (D.C. Cir. 1992) and National Parks and Conservation Ass'n. v. Morton, 498 F.2d 765, 766 (D.C. Cir. 1974). Those two prongs are (1) whether release of the data will create a likelihood of substantial competitive injury to West, and (2) whether release of the data will impair the government's ability to obtain similar information in the future and thereby impair the government's procurement program. Id. Neither of those questions are "intertwined" with the jurisdictional question presented to the district court of whether the DOJ had sufficient control over the West Licensed Data to render that data an agency record.

Accordingly, the only factual question presented to the district court was not a FOIA question -- it was a straightforward question of contract interpretation. Tax Analysts itself stressed that point to the district court in its Supplemental Memorandum opposing the West and DOJ motions to dismiss:

> In our analysis of the contract and its purported "license" provisions, plaintiff was careful to stick to what appeared in the record, in particular the four corners of the contract itself. Plaintiff's Opposition to Defendants' Motions to Dismiss ("Opp.") at 11-14. Defendants now go outside the record to make new, general, unsupported assertions about the "history" of the 1988 contract and the parties' "intent." They do so in an attempt to explain away the only

reasonable interpretation of the signed, 122 page contract on its terms.

* * *

Resort to such extraneous sources is impermissible where, as here, the contract itself is easily construed. The contract was executed in the District of Columbia by DOJ's signature, and was to be performed in the District of Columbia (Ex. 2, p. 1 and passim). It is a District of Columbia contract. The law of contract in the District of Columbia is "the 'objective law' of contracts"; that is,

> the written language embodying the terms of an agreement will govern the rights and liabilities of the parties, irrespective of the intent of the parties at the time they entered the contract, unless the written language is not susceptible of a clear and definite undertaking, or unless there is fraud, duress or mutual mistake.

Howard University v. Best, 484 A.2d 958, 967 (D.C. 1984).

Plaintiff's Supplemental Memorandum, dated March 18, 1994 at pages 1-2 (District Court Docket Entry #26) (emphasis added).

Here, the 1988 Contract was before the district court as a result of its having been attached by Tax Analysts as an exhibit to the Complaint. Since, as discussed above, there was nothing needed by the district court in deciding West's motion to dismiss beyond the 1988 Contract, the reasoning of the personal jurisdiction "intertwining" cases relied upon by Tax Analysts becomes inapplicable to this case because the district court already had all the facts before it that it needed

to make its jurisdictional determination under the FOIA. Thus, Tax Analysts needed no additional discovery, and was not entitled to any, about the negotiation, formation or intent behind the 1988 Contract.

An analysis of the cases relied upon by Tax Analysts in its Petition reveals why those cases are not applicable. Specifically, a number of the cases cited by Tax Analysts are cases where the question was whether the defendant had sufficient contacts with the forum to provide the district court with personal jurisdiction over the defendant. El-Fadl v. Central Bank of Jordan, 75 F.3d 668 (D.C.Cir. 1996); Crane v. Carr, 814 F.2d 758 (D.C.Cir. 1987); Collins v. New York Central System, 327 F.2d 880 (D.C. Cir. 1963). Certainly, in such circumstances the plaintiff should be allowed discovery as to the defendant's contacts with the jurisdiction before a court rules on a motion to dismiss based upon the sufficiency of those contacts. Absent such discovery, the plaintiff may have no means to provide the court with the facts necessary for the personal jurisdiction determination.

Similarly, the other cases cited by Tax Analysts as support for its request to conduct discovery are equally inapplicable. In each of those cases, the plaintiff persuasively argued that discovery could have unearthed facts that would have been relevant to the district court's ruling on the motion to dismiss. Kamen v. American Telephone & Telegraph Co., 791 F.2d 1006, 1011 (2nd Cir. 1986) (reversal of Rule 11 sanctions, not of dismissal under Rule 12(b); defendant refused to provide any copies of government grants, loans or contracts which were relevant to issue of whether defendant received "Federal financial assistance"); Greenery Rehabilitation Group v. Sabol, 841 F. Supp. 58, 61 (S.D.N.Y. 1993). Ultimately, none of the cases cited by Tax Analysts stand for the proposition that there is any right to discovery absent some basis to believe that the discovery would lead to admissible, relevant evidence.

B. The Court of Appeals' Decision Is Not Inconsistent With Any Decision Of This Court.

Tax Analysts cites two decisions of this Court in its Petition as somehow supporting its argument that the district court and the Court of Appeals erred in denying Tax Analysts' request to conduct discovery. Neither case even addresses, let alone supports, that argument.

In Land v. Dollar, 330 U.S. 731 (1946), cited at Pet. p. 9, this Court simply affirmed that the district court has wide discretion in deciding a motion to dismiss on jurisdictional grounds -- including inquiring "by affidavits or otherwise, into the facts as they exist." 330 U.S. at 735 n.4. There, because the Court determined that a decision on the merits was needed in order to determine whether jurisdiction existed, the Court held that a district court could assume jurisdiction provisionally in order to reach the merits and thereby make a final jurisdictional determination. As noted above, the district court here did not need to address the merits of the FOIA issues at all in order to decide the jurisdictional question. Thus, Land v. Dollar has no application here and there is nothing inconsistent between that decision and the rationale relied upon by the Court of Appeals.

Similarly, this Court in Bell v. Hood, 327 U.S. 678, 66 S. Ct. 773 (1946), cited at Pet. p. 9, was not addressing the propriety of a district court denying a request for discovery. Rather, the issue presented there, where the question was whether the federal statute invoked by the plaintiff provided a private remedy, was whether a motion to dismiss for failure to state a claim was a motion that went to the merits or a motion that went to the court's jurisdiction.

Nothing in this Court's discussion in Bell v. Hood addresses whether a district court must allow discovery before ruling on a motion to dismiss. Therefore, there is nothing in

Bell v. Hood that supports any argument that the Court of Appeals' decision is inconsistent with any decision of this Court.

Indeed, the Court of Appeals' decision is in complete accordance with this Court's instruction in Oppenheimer Fund, Inc. v. Sanders, 437 U.S. 340, 97 S. Ct. 2380 (1978), that it is entirely proper to deny requests for discovery of information that "cannot be considered, and would not lead to information that could be considered by a court or jury in deciding any issues." 437 U.S. at 352, 98 S. Ct. at 2390. The Court of Appeals' decision to deny discovery in cases such as El Fadl and United States ex rel. Herbert v. National Academy of Sciences, 974 F.2d 192 (D.C. Cir. 1992), and the application of that rule in this case, is not inconsistent with any decision of this Court and is supported by Oppenheimer Fund.

II. The Petition Improperly Attempts to Argue An Issue That Was Not Appealed From The District Court.

Following entry of the district court's decision below, Tax Analysts filed an appeal that was limited to the narrow procedural question of whether the district court had abused its discretion by ruling on a Rule 12(b)(1) motion to dismiss without allowing Tax Analysts to conduct discovery. Tax Analysts listed the "Statement of Issues" in its Brief on appeal as follows:

> 1. Did the District Court err by refusing Tax Analysts' four requests for discovery and then granting defendants' Rule 12(b)(1) motions to dismiss when jurisdiction and the merits of the claim are intertwined, arising from the same federal statute?

2. Did the District Court err by not converting the Rule 12(b)(1) motion to a 12(b)(6) or a Rule 56 motion, when jurisdiction and the merits are intertwined and the court considered disputed, key facts not in the record, and not tested by discovery, refutation of which are essential to both Tax Analysts' claim and basis for jurisdiction?

3. In considering a Rule 12(b)(1) motion to dismiss with key facts in dispute that are relevant to the gravamen of Tax Analysts' claim, did the District Court err by relying on and referring to documents not in the record and information contained in defendants' affidavits and declarations to which the court stated it would not refer and with regard to which Tax Analysts was not permitted discovery?

Appellant's Brief at pps. 8-9.

Thus, Tax Analysts' argument in its Petition that the district court and the Court of Appeals have created some "newly sanctioned nonstatutory 'contract' exemption to the FOIA" is a blatant attempt to raise a challenge to the merits of the district court's ruling, an issue which was not appealed. This Court's general rule is to reject as untimely and inappropriate any attempt to raise an issue in a petition for a writ of certiorari that was not "pressed or passed upon below." U.S. v. Williams, 504 U.S. 36, 112 S. Ct. 1735, 1738 (1992). The argument sought to be presented by Tax Analysts -- that the district court created a new "contract" exemption to the FOIA -- was not presented to the Court of Appeals and was therefore not passed on by that court.

Of course, Tax Analysts' new arguments with respect to substantive FOIA law, which apply only to the fact-specific decision of a single district court, dramatically overstate the limited scope even of that decision. Moreover, since it is a district court decision, it is not binding precedent even on

other district courts, let alone binding in any way on any appellate court. City Stores Co. v. Lerner Shops of D.C., Inc., 410 F.2d 1010, 1014 (D.C. Cir. 1969). Even if the merits of the district court decision were properly in issue, the district court simply applied the D.C. Circuit's well-established control test, as spelled out in Tax Analysts v. U.S. Dept. of Justice, 845 F.2d 1060, 1069 (D.C.Cir. 1988), affirmed, 492 U.S. 136 (1989), for determining whether something is an "agency record" subject to FOIA. 913 F. Supp. at 602-03; Pet. App. B at 8a-11a.

Specifically, the district court correctly found, as a matter of law, that because the 1988 Contract provided the Department of Justice with only a very limited license to use the West licensed data on JURIS during the contract term -- while expressly retaining all ownership rights and control over the data in West -- the West licensed data did not constitute an "agency record" subject to a FOIA request. Despite Tax Analysts' rhetoric, that ruling and its *per curiam* affirmance by the Court of Appeals did not create a new "contract exemption" under FOIA and it certainly does not create a conflict with any of this Court's previous FOIA decisions. Instead, it is only a well-reasoned application of an established test.

III. The Court of Appeals' Decision Does Not Conflict With ProCD.

Tax Analysts argues in its Petition that the Court of Appeals' decision somehow creates a conflict with the Seventh Circuit's decision in ProCD, Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996), which was cited by the Court of Appeals in its *per curiam* decision. Pet. App. A. at 2a. Tax Analysts misses the point of the Court of Appeals' reference to that Seventh Circuit decision. The Court's reference to ProCD was in response to Tax Analysts' arguments in its

briefs and at oral argument that West could not have *any* ownership interest in its compiled database of judicial decisions unless it had a *copyright* interest in the judicial decisions contained in that database -- and then to bootstrap from that unsound proposition to a subsequent argument that it was entitled to conduct discovery on the copyrightability of West's database in order to determine whether the license restrictions in West's contract with the Department were enforceable. ProCD is simply the most recent appellate decision affirming that contractual license restrictions on the use of software or databases are enforceable regardless of whether the software or databases are copyrightable. See 86 F.3d at 1454. The Court of Appeals' citation to ProCD , Pet. App. A at 2a, was specifically to that portion of the ProCD decision which contains a discussion of the *uniformity* of the federal courts of appeals decisions on that point. Any effort to characterize the Court of Appeals' reference to ProCD as misapprehending the law or stating a proposition in conflict with any ruling by any other court of appeals is therefore completely unfounded and misleading.

There is *no* support in ProCD for the argument made by Tax Analysts that no one can have an ownership interest in a database unless the data in the database is copyrightable and was created using software developed by the database compiler. Under that theory, no one except a software developer could ever have any ownership rights in any databases they create, since everyone else creates their databases using commercial database software. That argument received short shrift from the district court and the Court of Appeals, and deserves no attention by this Court.

The Court of Appeals properly cited ProCD for the proposition that the contractual license restrictions of the 1988 Contract are enforceable by the parties to the contract -- West and the Department of Justice -- regardless of whether the database was copyrightable. Since the copyrightability of

the database was irrelevant, the district court and the Court of Appeals correctly determined that allowing discovery on the copyrightability of West's database could not have led to any evidence relevant to the district court's decision.

In sum, Tax Analysts provides this Court with no basis to grant its petition.

CONCLUSION

For the reasons stated above, Respondent West Publishing Company respectfully requests that Tax Analysts' petition for a writ of certiorari be denied.

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